Secrets. II-27—100,000—31-5-48.

Develop ment (1948) Department.

Ms SERIES.

G.O. No. 5026.

Dated 18-10-48.

Despatch Abstract.

Committees- Industrial Planning Committee- Recommendation- regarding labour - Papers- recorded.

Development C.No.68958 P & D III dated 21.6.1948.

Sub: Committees- Industrial Planning- Committee- Recommendations- Demand in raising wages of the labourers.

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16. There should be sanity in wage demands- The raising of wage level beyond reasonable limits will only result in rise in the prices of those very commodities which labour themselves largely consume.

49. We do not propose to deal with the problem of labour in relation to industry from any political angle which assumes the existence of a classwar either between capitalists and labour or between organized Government and disruptive forces. We will assume that the future policy of the Government of thid Country will be to secure the establishment of industrial democracy, which has been defined as "control of industry by the workers and the management; and this means all workers, managerial, supervisory, scientific and technical, manual and operative; answerable only to a higher economic general staff, which in turn is subject to the Government as a whole." (T. W. Agar). If that ideal is accepted, the aim of organized labour as well as of the Government should be to maintain for the workers a standard of living consistent with the national economy. The attitude of labour should, however, not be that they are not concerned with national solvency. The wage-level, the price-level and the flow of money, are all linked together. It is possible to raise the wage-level to some extent by cutting part of the profits of the capitalist. But, if the wage-level is sought to be raised still further, the price-level must inevitably rise. It may lead to closure of industrial establishments and unemployment. There must, therefore, be sanity in wage demands. We must not forget that in a poor country like India, the largest consumers of common goods are the ppor. The raising of the wage-level beyond reasonable limits will only result in a rise in the prices of those very commodities which they themselves largely consume.

Development C.No-68959 P & D III dated 21. 6. 1948.

18. The Provincial Government shouldundertake legislation on the lines of the "Coal Mines L abour Welfare Fund Act" and make it applicable to all industries.

50. The policy of linking up wages with the cost of living index is a workable solution; but it has its limitations. A general wage policy cannot satisfactorily be settled by the study of any one industry or of the conditions prevailing in any one locality. The nature of the industry, the hours of work, economic conditions of the locality have all to be taken into consideration. The aim of the Government should be to secure for the worker a greater real wage than a greater money wage. This is only possible if Government assumes res-ponsibilites for providing such social amenities as education, medical relief, insurance, housing, etc. The Government of India have passed as Act, called the "Coal Mines Labour Welfare Fund Act" (No.32 of 1947). The object of the Act is mainly to provide housing accommodation to the workers employed in the coal mines, and in a subsidiary measure to provide for amenities such as medical relief, public health, sanitation, water-supply, education, recreational facilities and transport to and from works. The cost of such measures of benefit to the workers is to be met out of excise duties collected on every ton of local and coke. If the Provincial Governments have the authority to decide their policy in relation to labour,

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we would suggest that some such legislation should be promoted in this Province, and made applicable not to any one industry, but to all industries. The revenue for the fund may be derived by levying a cess in the case of certain industries, and by a contribution collected from other industrial establishments based either on the total number of workers employed or as percentage of the total wage bill. The advantages of such a central fund would be to ensure a uniform standard of labour welfare throughout the Province irrespective of particular areas. It will also ensure in the long run, the planning of industrial areas whether in urban or rural parts on modern lines.

Development C. No. 68960 P & D III dated 21.6.1948.

19. The Government should promote harmonious relations between management, executive and labour.

51. In the industrial organizations in India, there exists a rigid line of differentiation between management, executive and labour. In western countries, it would be possible for a man who starts at the bottom as an operative to rise to the highest positions of trust and responsibility in the under-taking. The inadequacy of educational facilities and opportunities bars any such career to him in this country. It is essential that labour should enjoy educational facilities in the neighbourhood of their houses. The aim of the industrialist and of the Government should be to eradicate even that little measure of hostility which now exists between these three groups, and to inculcate in them the idea that it is only by the co-ordination of these three groups that the success of the industry and the prosperity of the country can be achieved. The Industrial Disputes Act makes it compulsory to have Work Councils. This will undoubtedly help in the promoting of cordiality between management and labour. The provisions of the Act and the rules thereunder will be carefully examined by the Committee at a later stage.

Development C.No.68961 P & D III dated 21. 6. 1948.

20. Division of profit between the management executive and labour and shareholders in certain proportions.

52. Another step which would contribute to creating a real interest in the mind of the worker in the success of the indstry which he serves, is by enabling him to share the profits of the industry. We would suggest an initial dividend on the capital out of the profits, and the redistribution of the balance of profits, after providing for reserves,,between the management, executive and labour and the shareholders in certain proportions.

/True copy/

Sd. 29.8.1953

Office Assistant,
Madras Record Office.

To A.S.

Please see the recommendations of the Industrial Planning Committee at page 1-7 c.f. and the above note. The recommendations are noted on below:-

Para 49: extracted at page 1 c.f.

The Committee has pointed out that a general wage policy cannot satisfactorily be settled by the study of any one industry or of the conditions prevailing in any one locality. The nature of the industry, the hours of work, economic conditions of the locality, it is stated, should all be taken into consideration in fixing wages. Though no general wage policy applicable to all industries has been laid down, the principles set out by the Committee are being more or less observed in the fixation of wages in any one industry. When the wages in the scheduled employments are fixed in accordance with the provisions of the Minimum Wages Act, these principles will no doubt be fully borne in mind.

The Committee has suggested that the aim of the Government should be to secure for the worker a greater real wage rather than a greater money wage. This is an unobjectionable principle. Towards implementation of this principle, the Committee has proposed that Government should assume the responsibility for providing such social amenities as education, medical relief, insurance, housing etc. It has been suggested that the Provincial Government can undertake legislation, as the Central Government has done in respect of the Coal Industry in the 'Coal Mines Labour Welfare Fund Act', for the provision of social services to the workers in all industries. The revenue for the fund, it is proposed, may be derived by the levy of a cess on certain industries and by a contribution from other industrial establishments based either on the total number of workers employed or as a percentage of the total wage bill. It is urged that such a central fund would ensure the provision of uniform standards of welfare services for all industries. The Employees State Insurance Act which is coming into force confers on workers considerable benefits-sickness, maternity, disablement, dependants' and medical benefits. These constitute a considerable advance in the direction of the provision of measures of social security and welfare of workers. To meet the funds necessary for the administration of these benefits, employers in industry are required to make contributions to the Employees State Insurance Corporation on the scales laid down in the Act. This is a recent imposition on industry and without finding out from experience how industry is able to bear this burden, it seems too soon to consider the question of levy of a cess on industry to finance further welfare schemes. Further levy of cess on industry in this province alone would burden industry and place it at a disadvantage in comparison with industry in other provinces of the Country. It therefore seems desirable that the question should be taken up, when opportune, at the national level. No action seems called for now.

Para 51 extracted at page 5 c.f. The Committee has proposed that labour should enjoy educational facilities in the neighbourhood of their houses. No special facilities have been provided for education of workers or their children, except in few. They have to avail themselves at present of the general facilities provided by Government local bodies and aided agencies. Necessary extracts may however be sent to Eduation & Public Health Department for examining the Committee's proposal for the provision of educational facilities for workers in the neighbourhood of their houses.

P.T.O

The Commmittee has also urged the need for cooperation between management, the executive and the labour to ensure success in industry and national prosperity but has made no specific recommendations for action.

. With reference to the last sentence in para 51 on page 5 c.f. it is submitted that the Committee has not offered any comments on the Industrial Disputes Act as originally intended: Please see note at page 2 ante. No action seems called for. Orders have already issued requiring industrial establishments employing 100 or more wokers to set up works committees under the Act.

Para 52 extracted at page. 7 c.f.

The Committee has made certain recommendations in regard to profit sharing. The Government of India are creating the necessary machinery to determine the fair return to capital, the principles of profit sharing. etc. The findings of this body may be awaited before further action is taken in the matter. No action is called for in this file.

Sd. * * *

Necessary extracts have been sent to the Education and Public Health Department w.r. to M on page 4 above. The papers may now be recorded.

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GOVERNMENT OF MADRAS.

Abstract.

Committees- Industrial Planning Committee- Recommendation regarding labour- papers recorded.

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